



Multifoods

ROBIN HOOD MULTIFOODS LIMITED 1972 ANNUAL REPORT



FIN

Board of Directors

Logan R. Brown
President & Chief Executive Officer
Robin Hood Multifoods

Richard H. King
Vice-President, Finance
International Multifoods

George H. McIvor
Honorary Chairman of the Board
Robin Hood Multifoods

James McMillan
Vice-President, Finance
Robin Hood Multifoods

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International Multifoods

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International Multifoods

Darrell M. Runke
Executive Vice-President
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George H. McIvor
Honorary Chairman of the Board

Logan R. Brown
President & Chief Executive Officer

John B. Morrison
Vice-President & General Manager
of Industrial Foods

Bruce A. Priebe
Vice-President & General Manager
of Agri-Products

David C. Tompkins
Vice-President & General Manager
of Consumer Products

Erik Feldthusen
Vice-President of Bakery & Industrial Sales

James McMillan
Vice-President, Finance

Thomas P. Brennan
Vice-President & Legal Counsel

J. Philip Golds
Secretary-Treasurer & Controller

Principal Products

Robin Hood flour / Velvet cake and pastry flour / Robin Hood cake mixes / Robin Hood dessert mixes / Robin Hood oats / Stouffer's frozen prepared foods / Bick's pickles and relishes / Rose Brand pickles and relishes / Woodman's horseradish and seafood cocktail sauce / Rose Brand jams / Kretschmer wheat germ / Chunky Chicken poultry meat / Table eggs / Bakery flours / Biscuit flours / Macaroni flours / Cake flours / Bakery and industrial mixes / Bakery equipment / Supersweet livestock and poultry feeds / Supersweet mineral products / Super-Chix broiler chicks / Hy-line layer chicks / Supersweet animal health products.

ROBIN HOOD MULTIFOODS LIMITED
6600 Côte des Neiges
Montreal 249, Que.



About the Cover

The ability to develop products for a changing consumer market is captured through the use of the double exposure in the cover photo. A young couple examining Heat 'N Dip and Flaky Pie Crust mix are viewed against a high-speed Hamba packaging machine turning out finished containers of Heat 'N Dip.

A New Look



A new company symbol, introduced with this annual report, is designed to give a more modern look to our changing company.

The treatment more accurately reflects our move to a "multifoods" company by stressing the "Multifoods" portion of the company name. And the stylized version of Robin Hood represents a move away from identifying the company exclusively with Robin Hood flour and other products marketed under the Robin Hood brand name.

The new symbol will serve as a broader umbrella for a growing list of consumer brand names which now embraces Bick's, Rose Brand, Woodman's, Kretschmer and Stouffer's as well as Robin Hood.

robin hood
multifoods
limited

This change will not affect the identification of the company's brands but will appear during the next several months on stationery and forms, to identify company premises and trucks, and as the company's signature in advertising and on packaging.

The new look was created for Robin Hood Multifoods by Norman B. Hathaway Associates, highly-regarded Canadian corporate designers. "We wanted," says Hathaway, "to focus on the Multifoods part of the company name while still retaining the company's long-standing association with Robin Hood." "Robin Hood" has been a Canadian brand name for some 60 years and has also been part of the company designation all during that period.

Si vous désirez une copie française de ce rapport, veuillez en faire la demande au service des relations publiques.

Robin Hood: More of a Multifoods Company

by Logan R. Brown
President & Chief Executive Officer
Robin Hood Multifoods Limited



Robin Hood Multifoods made important gains during the year towards becoming a truly "multifoods" company. Sales of non-flour products rose to 46% of total volume compared to 40% a year earlier.

Consolidated net sales of \$104,791,000 just equalled the previous year's level, despite solid growth in most business areas. Export flour, flour by-products and formula feed handicapped overall sales results.

Consolidated net earnings of \$2,696,000 were 13% above the previous year, aided significantly by lower interest costs, reduced taxes and property disposals.

Excellent gains in operating profits for pickles, cereals and poultry meat were more than offset by the effects of depressed industry conditions in the feed and egg businesses, highly competitive conditions in parts of our industrial foods division and shrinkage in the export and consumer flour markets.

While total industry consumer flour sales declined by more than 10%, we added to our commanding share of this market and also increased sales of bakery flour.

Last year, we used over 85% of our milling capacity compared to about 75% for the industry. Flour milling continues to be a beneficial platform from which we are expanding penetration of new and existing markets.

The company's performance, as measured by return on assets also showed a marked improvement. We slimmed our total assets by more than \$7 million through major reductions in inventories and accounts receivable.

In perspective, we broadened our product base and improved profits against a background of economic hesitation. The Canadian economy remained sluggish during a good part of 1971 and the business climate was unsettled because of proposed government legislation affecting business practices, relationships with hourly workers and taxation.

Mr. Brown was elected a vice-president of International Multifoods in June, 1971; he is also a director and a recently elected member of the executive committee of Grocery Products Manufacturers of Canada.

For Future Growth — Several steps were taken last year to ensure that our shift to a broader spectrum of products would continue. During the year we:

- Began construction of frozen food production facilities at Trenton, Ont., after a successful test market of Stouffer prepared foods in London, Ont.
- Disposed of grain storage facilities at Calgary, Alta. and Moose Jaw, Sask.,

which were no longer in the mainstream of our activities.

- Acquired the Woodman's horseradish business, a line of products which fits in well with our growing pickle and relish business.
- Introduced a total of 60 new products and line extensions — including those currently in geographical test markets — in our consumer, industrial and agri-products markets.

To improve our ability to plan marketing strategies, we have developed a computer-assisted financial planning system that enables profit centre managers to better evaluate the impact of change on our businesses. Through a computer terminal, product managers will be able to "ask" the computer to simulate the profit effects of differing strategies.

In the area of business communication, we completed installation of a data transmission system which permits a daily flow of sales data to our Montreal head office. The teleprocessing network linking Vancouver, Winnipeg, Toronto and Moncton with Montreal, speeds up the order-invoice-payment cycle and provides consumer and industrial sales feedback on a daily basis.

We began using the computer in April to create a Human Resources Inventory system which will provide greater promotional opportunities to employees by identifying all those with

qualifications and interests in specific job openings. Last year, one of every four in our management group assumed new responsibilities within the company.

One of the most interesting experiences of the year for me arose from a series of coffee sessions I held with the company's "under 30" managers. During the two to three-hour sessions, groups of four to five junior managers took the opportunity to challenge the company and gave me important insights into how youth views our company and its future.

Responsibilities to the Community —

We continued to fulfill our social responsibilities to Canadians in a number of different ways. To improve the quality of water in a stream being dammed for recreational purposes, we recently completed a \$170,000 water treatment facility at our Dundas poultry processing plant. We have re-directed our waste water at Port Colborne from the Welland canal to the city's treatment system and reduced air pollutants by switching to cleaner fuels at three processing plants.

Five of our plants received National Safety Council awards for completing up to 10 years without a lost-time accident.

For many years we have aided health, welfare, youth and educational organizations through financial sup-

port. Last year, about 200 such groups, including 11 universities, received support from Robin Hood Multifoods. Total giving as a percentage of earnings was above average for all Canadian manufacturing companies.

Our Sons & Daughters Scholarship Program, now in its 18th year, assisted four students studying at universities in British Columbia, Saskatchewan, Ontario and Quebec. This year, we introduced a Matching Grants program whereby gifts by employees to universities will be matched dollar for dollar by the company.

A thorough audit of quality control procedures in all three divisions was carried out last year. While the study showed that quality safeguards were quite adequate, we identified a number of areas where improvements could be made. A program to further upgrade quality assurance is now underway.

Division Restructuring — The restructuring of our organization into three operating divisions in 1970 has been successful in sharpening the focus on product line profitability.

The Consumer Products division showed significant growth in sales and profit. The Industrial division accomplished sales gains in domestic markets while exports declined sharply.

The Supersweet division changed its name in March to Agri-Products divi-

sion to better reflect the range of its businesses. These are: Supersweet Feeds; Neuhauser Poultry (eggs and chicks); Fortress Formula Feed Co., our subsidiary in Newfoundland; and Sherwood Farms poultry meat, which had an excellent year.

The past year has been a successful one from many points of view. We tackle this year's opportunities and challenges with confidence in a sound organization, skilled and dedicated people, an expanding line of quality products and a solid financial record.

The Stouffer Story

Stouffer's frozen prepared foods first appeared in the United States in the 1950's as an outgrowth of the Stouffer restaurant business. Vernon Stouffer of Cleveland, Ohio opened his first restaurant in 1924 and today there are Stouffer restaurants and inns in 50 major U.S. cities.

High quality Stouffer products are providing Robin Hood Multifoods with a major entry in the fast growing Canadian consumer frozen food market. To bring these products to Canadian consumers, a licensing agreement was negotiated with Stouffer Foods, a division of Litton Industries. Under terms of the agreement, Robin Hood Multifoods has access to Stouffer's frozen food technology for the marketing and manufacture of these products in Canada.

Next, came a year-long test market in the London, Ontario area, which showed that the products have great appeal to Canadian tastes. Twenty products were selected for the test, including such main courses as lobster Newburg and baked breasts of chicken, and side dishes such as spinach soufflé and broccoli au gratin.

Then after a highly successful test market, last December Robin Hood began construction of a plant to produce the Stouffer products. It will cost more than \$1 million and is located at Trenton, 100 miles east of Toronto. The plant, scheduled for completion later this year, is ideally situated to serve the Ontario market which accounts for 60% of all frozen prepared food sales in Canada.

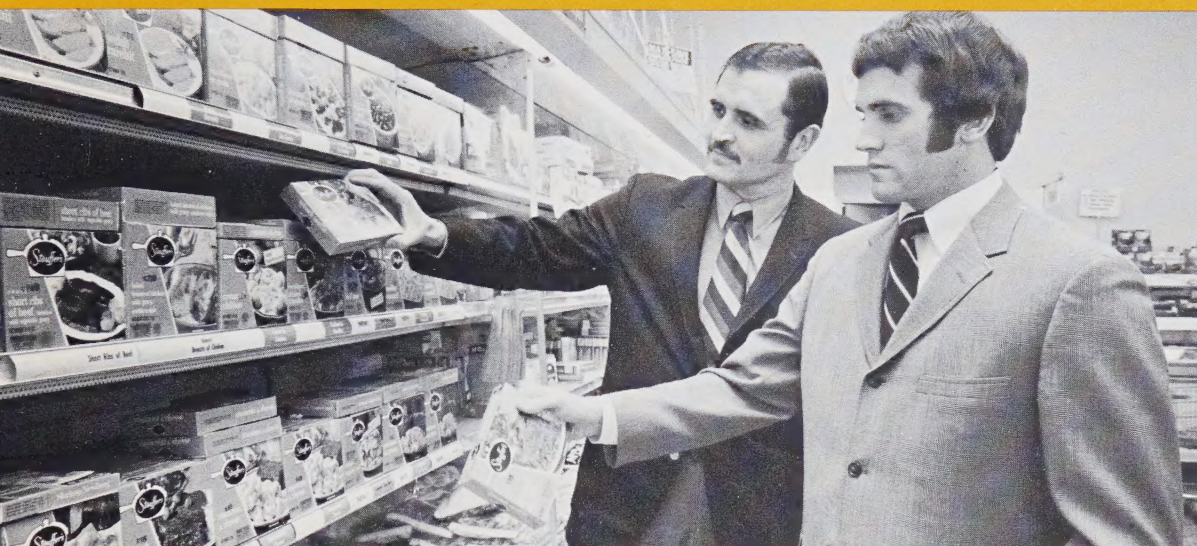


Sherwood Farms sales manager Dominic Barresi checks for pollutants at the \$170,000 new water treatment facility at Robin Hood Multifoods' Dundas, Ont., chicken processing plant.

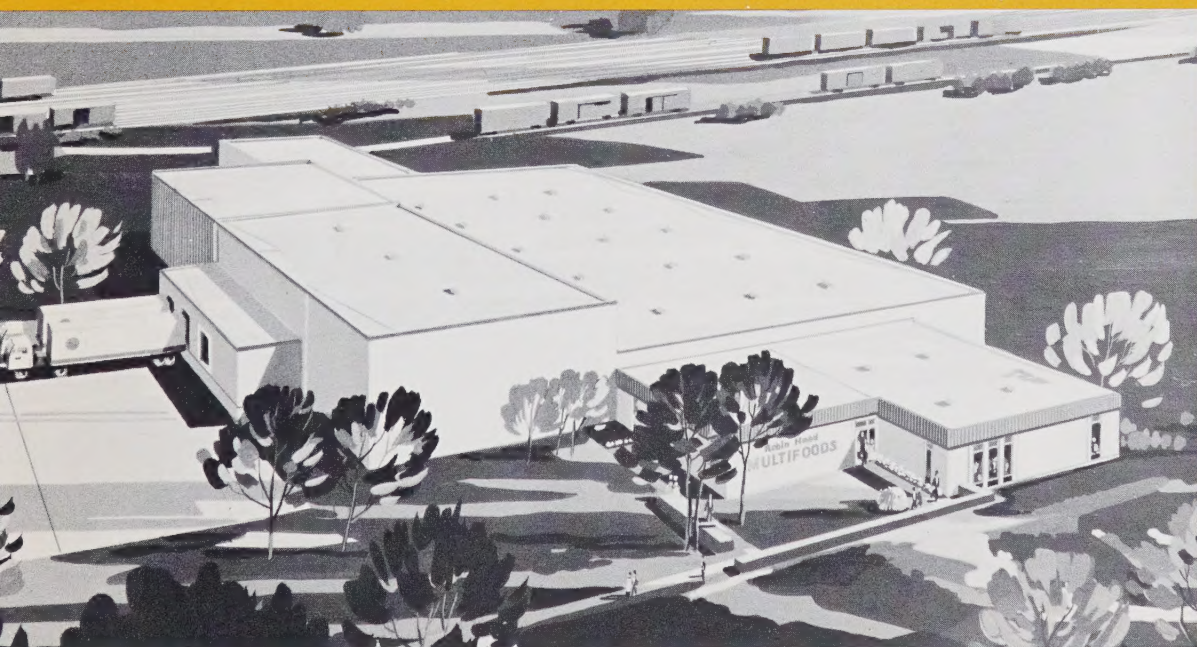
Stouffer's: New to Canada



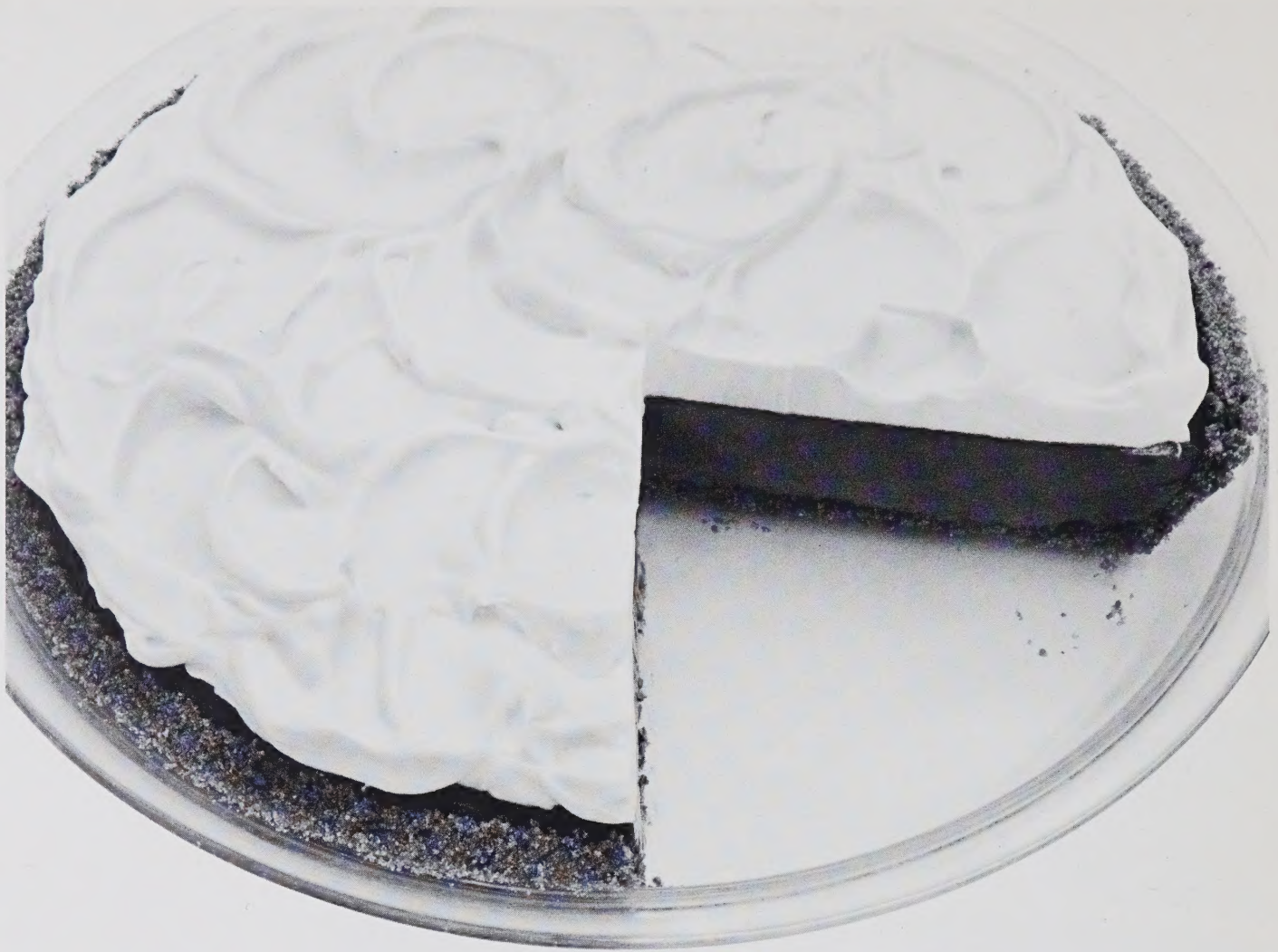
Trenton, Ont. welcomes Robin Hood Multifoods to the community, as construction starts on new frozen food plant.



Extensive test market in London, Ont. shows Stouffer's frozen prepared foods, well-known to U.S. consumers, have great appeal to Canadian tastes.



New plant will process and package 20 Stouffer's frozen prepared foods including lobster Newburg, short ribs of beef, macaroni & cheese.



Mix. Chill. Serve.

Robin Hood introduces NO-BAKE cream pie.

Two ways to dress your pie for a party.

Choco-Mint Pie:

1 pkg. Robin Hood No-Bake Chocolate Cream Pie Mix, ¼ tsp. peppermint extract, green food colouring.
Prepare crust as directed. Prepare topping as directed except substitute peppermint extract for the vanilla. Tint pale green. Prepare filling and spoon half in prepared crust; chill 10 min. Spread with half the topping. Spoon remaining filling over top, chill 10 min. Spread remaining topping to within 1" of pie edge. Garnish with shaved chocolate. Refrigerate several hours before serving.

Hawaiian Frozen Dessert:

Use Robin Hood Coconut No-Bake Cream Pie Mix.
Prepare crumb mixture as directed on pouch 1. Reserve 2 tbsp.; press remaining in bottom of 9" sq. pan. Blend pouch 2 and pouch 3 together with 2¾ cups cold milk in small mixer bowl. Beat 3 minutes at highest speed. Fold in 1-14 oz. can crushed pineapple, drained and ½ cup cut-up maraschino cherries, drained. Pour over crumbs in pan. Sprinkle reserved crumbs over top. Freeze until firm. Let stand 15 minutes at room temperature before serving. Makes 10 to 12 servings.



Whoever made the first cream pie must have loved kids. What could be more fun to eat than a luscious pie of crisp Graham crumbs, velvety smooth cream filling and whipped cream topping?

And now you can prepare this delicious family dessert in minutes. With Robin Hood No-Bake Cream Pie Mix. Available in chocolate, vanilla, butterscotch, coconut and banana. You'll find everything you need inside three separate envelopes. One for the Graham crust. One for the cream filling. And one for the whipped topping.

All you have to do is mix, chill and serve. It's so easy, you'll want to try our new cream pie recipes for special occasions.

And have some fun of your own.

Robin Hood Multifoods Limited

Daily newspapers in Vancouver, Calgary, Edmonton: Spring 1971.

Consumer Products Sales Hit New High in Canada

Robin Hood Multifoods Ltd. is one of Canada's best known food processors. It ranks as the 81st largest company in Canada, as published by the Financial Post.

To capsuleize what happened during the fiscal year which ended February 29, 1972, Robin Hood's three operating vice-presidents discussed their respective areas of responsibility.

TOMPKINS: "Consumer Products Were Just Great"

It was no coincidence that consumer products sales in Canada hit new highs in the same year that glassgoods finally caught and surpassed family flour, the traditional leader.

In a relatively sluggish Canadian economy, sales and earnings from consumer products increased in fiscal 1972. "It was just great," said general man-

ager, Dave Tompkins, and the largest contributor to consumer sales came from glassgoods which he regards as a "growth area for us."

"Flour sales fell from 44% to 41% of our consumer products mix last year," Tompkins said, deftly computing the percentages on a handy slide rule.

Glassgoods Up—But glassgoods, which includes pickle products, jams and horseradish, rose to 42% of consumer sales, the leadership position in fiscal 1972.

Accounting for the remaining 17% are: mixes, oatmeal and "new business."

"Keep your eye on that new business portion. Expect it to climb next year," Tompkins promises confidently.

At year-end, the company was constructing a plant to produce Stouffer frozen foods for the Canadian market.

"The market we're going after with Stouffer is virtually untapped," he explained. "We'll be selling high-quality, complete entrées and side dishes. It's a market which is growing rapidly — and

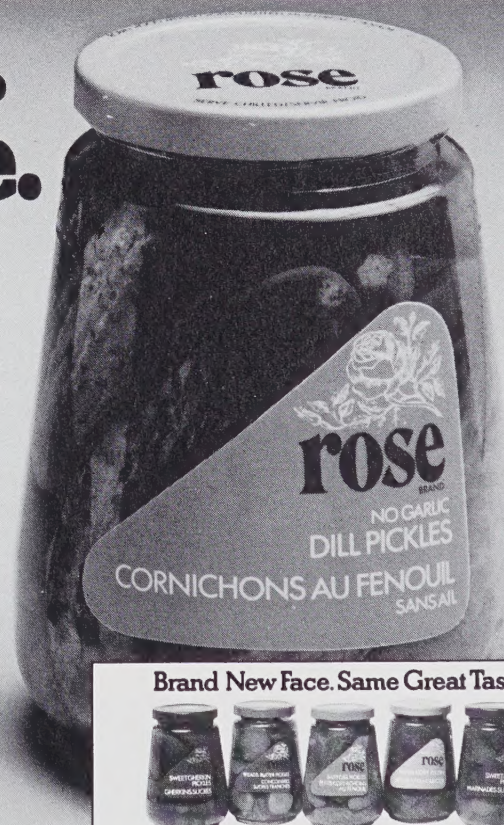
Brand New Face. Same Great Taste.

We had perfect-tasting pickles. In a less than perfect jar. A jar that was long, lean and not very pretty. One you had to fight to get at the pickles. With a label that was a trend-setter. In 1943.

So, we designed a pretty new jar for our perfect-tasting pickles. A new jar pretty enough to put on your table. One that lets you get at the pickles. Without a fight.

And we gave each pickle its own coloured label and matching cap. So you can find the one you want. Easily.

Our pickles. We think we've done beautifully by them.



Brand New Face. Same Great Taste.



Stouffer will grow at an even faster rate," he said. And the initial 20-item Stouffer product line, including such entrées as short ribs of beef, lobster Newburg, and macaroni & cheese, is capable of substantial expansion.

Tompkins' projection of a market dominance is nothing new to Robin Hood. For example, it has about half of the Canadian consumer flour market and Bick's and Rose Brand combined enjoy 40% of the total pickle market. Tompkins also claims important shares of a number of segments of the cake and dessert mix markets.

Part of Tompkins' confidence is based on what his talented national sales force did with Woodman's horseradish after its purchase early in the year.

"In the first week they produced 60 new accounts," Tompkins said with a grin. At year-end Woodman's enjoyed over half the national market.

PRIEBE: Agri-Products — "Disappointing"

Bruce Priebe didn't hesitate in pinning a label on the results of agri-products operations in Quebec and Ontario in fiscal year 1972. "It was poor — but with some successes which speak well for the future."

After six years of steady growth in the Canadian market, formula feed operations, representing about half of the division's volume, dropped back to where they had been two years before. "It was disappointing, to say the least," said the 36-year-old general manager.

Priebe's plan in fiscal 73 is simple: "Get back to where we were in 71.

"We saw some of our largest accounts close and we've encouraged the closing of other accounts to avoid further losses for them. It has cost us a tremendous amount of business."

The culprit? Extremely low meat and egg prices caused by surplus production and low-margin turkey feed business "from which we withdrew during the year."

On the other hand, fiscal 72 held some important successes for agri-products. One of them was Newfoundland. "Because of distance, this province is removed from the problems on the mainland and our feed business there increased substantially," he said.

Then there was the company's broiler processing business in Ontario.

"This business greatly improved its profitability last year," said Priebe with satisfaction, "and our broiler feed sales increase was excellent."

Last year, agri-products entered the broiler chick business, introducing a high-quality chick under the "Super-Chix" label. "It's an excellent business and continues to show fast growth."

The Canadian egg market, however, was "just plain unprofitable." The reason — there were too many eggs around and the Neuhauser operations suffered accordingly since they own a large number of laying hens on contract to growers. "All this will change as layer numbers are presently being reduced," Priebe said.

Producer-controlled government marketing boards in Ontario and Quebec seem to be effectively controlling chicken broiler production to a point where producers can operate profitably. Quebec also has an egg marketing board and a similar board in Ontario seems imminent.

How about fiscal 73? "We're seeing a turn around now in livestock and poul-

Stouffer's makes it better.

Stouffer's uses chunks of tuna instead of bits and pieces in Tuna Noodle Casserole.
Whole ripe tomatoes instead of tomato paste in Macaroni and Beef. Fresh whole milk instead of the powder kind in Escalloped Chicken and Noodles. Oven-braised beef instead of boiled meat in Beef Stew.



In all their 20 dishes, Stouffer's delivers quality that can't be matched.
From Macaroni and Cheese to Lobster Newburg. Try Stouffer's today.

TO TASTE IS TO BELIEVE.

Stouffer's
FROZEN PREPARED FOODS



Reader's Digest, Homemaker's Digest: Oct., Nov., Dec. (London, Ont. only).

try prices," Priebe said. Feed sales should improve in all areas with the exception of layer feeds which will lag as long as egg prices remain depressed.

"Two more reasons for optimism are the animal health products business which we entered for the first time last year, and our extensive dealer training program," said Priebe. The 11 new animal health products introduced in the past 12 months represent a growth area for agri-products.

"We know that our investment in dealer training is a sound one," said Priebe riffling through one of the training manuals. Key managers go out and teach dealers business planning, cost control and other business techniques. They stress livestock product management systems developed by Supersweet feeds as a key selling tool.

"Our aim is to make feed dealers more profitable businessmen. That's the name of the game. Successful dealers will ensure our success."

MORRISON: Industrial Foods — "Below Par"

In John Morrison's book, there are only two kinds of bakery and industrial customers in Canada — those owned or controlled by Multifoods' competitors, and the independents.

"It's obvious that competitor-owned customers, which tend to be the larger firms, are not going to buy from us," said Morrison who is general manager of industrial foods for Robin Hood. "So we concentrate on the independents."

This "available" market was troubled in fiscal 72. While sales were up in a declining market, extreme price competition stunted earnings — a year that was "below par" said Morrison.

Good dollar volumes were recorded by Rapido flour, a no-time dough flour and "a real time-saver for our bakers," by durum products, bakery mixes and bakery equipment.

Durum was adversely affected last year by two new durum millers entering the Canadian market. But Morrison says he still sees this as a favorable area with Robin Hood as the largest supplier to the independent pasta manufacturers.

A lot of people are much too pessimistic about the milling industry, Morrison said, referring to statements

in Western Canada last year about the industry's "bleak" future. "While flour milling no longer dominates our business to the extent it once did, it is still important to our company and to the Canadian economy — and will be for many, many years to come. It's a strong base for expansion into other areas of service to the bakery and industrial market," he said.

Expansion into bakery mixes in 1966 and into bakery equipment three years ago "were calculated moves into growth areas." Robin Hood supplies about one-third of all flour used by independent bakers and sells to nearly 1,900 of the 2,300 independents across Canada.

His area has developed a strong service-oriented sales force. "Rather than price," Morrison says, "we sell the pluses of our products — particularly the superior quality of our flours and mixes."

Understandably, he believes the Robin Hood sales force is "second to none in the industry." And he has nothing but praise for the company's technical servicemen who assist the sales force in servicing bakery accounts.

Robin Hood's export business, also in Morrison's area, experienced declining results. The dominant flour business dwindled — as did total Canadian exports of flour. But gains in pickle products were above expectations.

Looking at the future, Morrison indicated that "we've been able to match cost increases with price increases and we've seen a levelling off of some bakery mix raw materials — principally sugar."

Since the year-end, industrial foods has introduced a line of pie fillings and two donut frying shortenings, both custom-packed. "We're well on our way to becoming full service suppliers to the Canadian baking and pasta industries," Morrison said.



Three ALL NEW *Supersweet*

BEEF SUPPLEMENTS

CUSTOMIZED FOR **MP** * MAXIMUM PERFORMANCE



BeefMaker G is designed for rations where Grain is full-fed and roughage is restricted to no more than 2 lb. of hay, 4 lb. of haylage or 6 lb. of silage per head per day.

Grain is deficient in protein, phosphorus and calcium and must be supplemented for maximum performance. *Supersweet BeefMaker G* supplies the additional nutrients to meet the steer's requirements.





BeefMaker H is designed to be fed with legume Hay or mixed legume roughages (Haylage). Hay and other legume roughages have an abundance of certain nutrients. Phosphorus, energy and other key nutrients are lacking. *Supersweet BeefMaker H* is specifically formulated to balance legume diets and to release potential energy for efficient growth.





BeefMaker S is designed for Silage fed cattle.

Silage is deficient in protein, phosphorus, energy and trace minerals. Additional nutrients are needed to increase digestibility and improve energy value. Specific supplementation, as provided by *Supersweet BeefMaker S*, is required for maximum performance.



SEE REVERSE SIDE FOR THE NAME OF YOUR NEAREST SUPERSWEET DEALER

Direct Mail to beef feeders, Ontario.



**In 1950, Harry Vis
was glad of the chance
to come and live
in Canada.
And many Canadians
are glad he took it.**

Harry Vis is now General Manager of "Bick's Pickles", a company which provides winter employment for 250 Canadians and summer employment for 700.

And Harry Vis is only one of the thousands of immigrants whose enterprise and skills have helped to build a better Canada.

 Manpower and Immigration
Main-d'œuvre et Immigration

Harry Vis, general manager of Bick's pickles and native of Holland, is featured in an advertising campaign by the federal Department of Manpower and Immigration. Seen here is one of the transit cards which appeared this spring in buses and subway cars, describing Bick's as "a company which provides winter employment for 250 Canadians and summer employment for 700". The ad concludes, "And Harry Vis is only one of the thousands of immigrants whose enterprise and skills have helped build a better Canada."

Operating Divisions

Industrial Foods

J. B. Morrison

Vice-President & General Manager

E. Feldthusen

Vice-President - Bakery & Industrial Sales

M. N. Herrington

General Production Manager - Flour

E. J. Sullivan

Export Manager

W. L. Zelt

Canadian Grain Manager
Winnipeg

Plants

Montreal
Port Colborne, Ont.
Saskatoon, Sask.

Sales Offices

Moncton, N.B.
Quebec City
Montreal
Toronto
Winnipeg
Vancouver

Agri-Products

B. A. Priebe

Vice-President & General Manager

A. E. Emond

General Manager - Sherwood Farms
Dundas, Ontario

G. Short

General Manager - Neuhauser Poultry
Stratford, Ontario

W. R. Bachynsky

General Manager - Fortress Formula Feed Co.
St. John's, Newfoundland

G. Dufour

Eastern Regional Sales Manager - Supersweet Feeds

D. W. Hale

Western Regional Sales Manager - Supersweet Feeds

A. W. Surbey

General Production Manager - Supersweet Feeds

Dr. H. N. Waterhouse

Director of Nutrition

Plants and Sales Offices

St. John's, Nfld.
Dundas, Ont.
Stratford, Ont.
Niagara Falls, Ont.
Milton, Ont.
Addison, Ont.
Quebec City
Montreal
St. Félix de Valois, Que.

Consumer Products

D. C. Tompkins

Vice-President & General Manager

A. H. Vis

General Manager - Bick's
Scarborough, Ontario

R. E. Sawatzky

General Manager - Frozen Foods

J. N. Hanlon

Director of Sales

D. G. Bell

Marketing Manager

D. H. Twiner

Director of New Product Development

Mrs. V. A. Merrill

Director, Robin Hood Kitchens

Plants

Montreal
Scarborough, Ont.
Dunnville, Ont.
Brantford, Ont.
Trenton, Ont. (under construction)

Sales Offices

Moncton, N.B.
Montreal
Toronto
Winnipeg
Vancouver

Statement of Consolidated Earnings

Year ended February 29, 1972
with comparative figures for 1971

	1972	1971
Net sales	\$104,791,607	104,881,052
Costs and expenses, net:		
Cost of sales	87,308,089	88,074,567
Selling, general and administrative expenses	12,384,360	11,691,682
Interest expense, including interest on long-term debt \$120,678 (1971, \$125,298)	847,773	1,437,023
Major property disposals and plant closings	(306,294)	—
Interest and other income, net	(573,707)	(1,374,845)
Total	99,660,221	99,828,427
Earnings before income taxes	5,131,386	5,052,625
Income taxes, including deferred taxes \$416,542 (1971, \$9,732)	2,434,414	2,665,285
Net earnings	\$ 2,696,972	2,387,340
<i>See accompanying statement of accounting policies and notes to consolidated financial statements.</i>		

Statement of Consolidated Retained Earnings

Year ended February 29, 1972
with comparative figures for 1971

	1972	1971
Retained earnings at beginning of year	\$31,082,091	31,694,751
Adjustment (note 1)	295,282	—
Net earnings	2,696,972	2,387,340
Dividends paid	(825,000)	(3,000,000)
Retained earnings at end of year	\$33,249,345	31,082,091
<i>See accompanying statement of accounting policies and notes to consolidated financial statements.</i>		

PEAT, MARWICK, MITCHELL & CO.
CHARTERED ACCOUNTANTS

1155 DORCHESTER BLVD. WEST
MONTREAL 102, QUEBEC

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Robin Hood Multifoods Limited and subsidiaries as of February 29, 1972 and the related statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Robin Hood Multifoods Limited and subsidiaries at February 29, 1972 and the results of their operations and changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 24, 1972.

Peat, Marwick, Mitchell & Co.

Consolidated Balance Sheet

February 29, 1972
with comparative figures for 1971

ASSETS	1972	1971
Current assets:		
Cash	\$ 41,123	160,166
Accounts and notes receivable, less allowance for doubtful receivables \$490,111 (1971, \$597,284)	13,567,992	14,031,491
Due from affiliates, net	37,599	—
Advances on grain purchases, etc. (note 2)	105,245	86,028
Inventories:		
Grain	6,163,007	14,535,350
Other raw materials	2,015,224	2,003,215
Finished and in process goods	8,936,408	8,103,617
Packages and supplies	851,688	783,916
Total inventories	17,966,327	25,426,098
Prepaid expenses	506,333	461,266
Total current assets	32,224,619	40,165,049
Investments and sundry assets	84,050	112,146
Noncurrent receivables , less allowance for doubtful receivables \$26,988 (1971, \$42,647)	1,164,521	1,758,853
Property, plant and equipment , at cost less accumulated depreciation:		
Land	572,609	1,053,584
Buildings and improvements	8,625,177	8,872,602
Machinery and equipment	13,723,255	13,690,137
Automobiles, trucks, etc.	411,317	453,058
Improvements in progress (note 5)	937,158	395,729
	24,269,516	24,465,110
Less accumulated depreciation	12,023,949	13,160,203
Net property, plant and equipment	12,245,567	11,304,907
Intangibles	6,586,134	6,434,074
	<u>\$52,304,891</u>	<u>59,775,029</u>
See accompanying statement of accounting policies and notes to consolidated financial statements.		

LIABILITIES AND SHAREHOLDERS' EQUITY

1972

1971

Current liabilities:

Notes payable (note 2)	\$ 5,739,714	16,134,588
Current portion of long-term debt	182,892	136,986
Accounts payable	4,954,057	5,346,750
Accrued expenses	652,785	560,535
Income taxes	256,711	171,567
Due to parent company	1,194,201	1,490,270
Total current liabilities	12,980,360	23,840,696

Long-term debt, less amounts included in current liabilities (note 4)

1,762,261 1,467,152

Deferred income taxes

1,719,496 1,302,954

Reserve for plant closings

— 103,979

Shareholders' equity:

Common shares without par value. Authorized 6,000 shares; issued 1,000 shares at stated value	1,273,300	1,273,300
Contributed surplus (note 1)	1,320,129	704,857
Retained earnings	33,249,345	31,082,091
Total shareholders' equity	35,842,774	33,060,248

Commitments (note 5)

\$52,304,891

59,775,029

On behalf of the Board:
Logan R. Brown, Director
J. McMillan, Director

Statement of Changes in Consolidated Financial Position

Year ended February 29, 1972
with comparative figures for 1971

	1972	1971
Funds provided:		
From operations:		
Net earnings	\$ 2,696,972	2,387,340
Charges to earnings not requiring working capital:		
Depreciation	860,048	1,002,664
Other, net	637,878	(45,953)
Total from operations	4,194,898	3,344,051
Carrying value of property, plant and equipment disposals	991,971	1,446,162
Contributed surplus (note 1)	615,272	—
Decrease (increase) in noncurrent receivables and other items, net	649,446	(381,122)
Total funds provided	<u>\$ 6,451,587</u>	<u>4,409,091</u>
Funds used:		
Additions to property, plant and equipment	\$ 1,866,101	1,727,206
Reduction of long-term debt	189,891	158,615
Dividends on common shares	825,000	3,000,000
Purchases of businesses, excluding net current assets:		
Property, plant and equipment	926,578	417,555
Intangibles	169,450	—
Long-term debt	(485,000)	(219,703)
Other, net	39,661	(56,478)
Total	650,689	141,374
Increase (decrease) in working capital	2,919,906	(618,104)
Total funds used	<u>\$ 6,451,587</u>	<u>4,409,091</u>
Increase (decrease) in working capital:		
Cash	\$ (119,043)	(142,998)
Accounts and notes receivable	(463,499)	74,231
Inventories	(7,459,771)	380,022
Other current assets	101,883	54,933
Notes payable	10,394,874	(677,116)
Current portion of long-term debt	(45,906)	270,153
Accounts payable and accrued expenses	300,443	705,410
Income taxes	(85,144)	1,306,835
Due to parent company	296,069	(2,589,574)
Increase (decrease) in working capital	2,919,906	(618,104)
Working capital at beginning of year	<u>16,324,353</u>	<u>16,942,457</u>
Working capital at end of year	<u>\$19,244,259</u>	<u>16,324,353</u>
<i>See accompanying statement of accounting policies and notes to consolidated financial statements.</i>		

Accounting policies set forth below are presented to assist the reader in understanding the accompanying consolidated financial statements:

Basis of Statement Presentation:

The accompanying consolidated financial statements include the accounts of Robin Hood Multifoods Limited and all of its subsidiaries. Inter-company accounts and transactions have been eliminated in consolidation. Robin Hood Multifoods Limited is a wholly-owned subsidiary of International Multifoods Corporation.

Receivables:

The Company provides allowances for doubtful receivables equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience coupled with review of the current status of the existing receivables.

Inventory Valuation:

Inventories of grain, flour and millfeeds are valued on the basis of replacement market prices of grain and feed prevailing at fiscal year end. Such inventories are further adjusted by the amount of gain or loss on open grain and flour contracts, which has the effect of adjusting the inventory values to cost for that portion of the inventory related to open grain and flour contracts. All other significant inventories are stated at the lower of cost (first-in first-out) or replacement market.

Depreciation Methods:

The Company generally utilizes the straight-line method of computing depreciation over the estimated useful lives of the property, plant and equipment. For income tax purposes depreciation has been claimed at maximum rates allowed by the taxation authorities.

Intangibles:

Intangibles primarily represent costs in excess of net tangible asset values of businesses acquired. Except for minor amounts being amortized over ten-year periods of benefit, excess costs arising prior to fiscal year 1972 are being carried until such time as there may be evidence of diminution of value or the term of existence of such value becomes limited. The Company's new policy is to amortize excess costs arising during fiscal year 1972 and in future business acquisitions over not more than a forty-year period.

Income Taxes:

The Company follows the generally accepted practice of recognizing the income tax effects of transactions in the year in which they enter into the determination of income regardless of when they are recognized for tax purposes. Accordingly, income tax expense includes charges and credits for deferred income taxes and the accumulated deferred taxes are shown in the accompanying consolidated balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 29, 1972

1. Business Acquisitions:

The Company held an option to purchase, upon fulfilment of certain conditions, all the issued shares of another company at a price equivalent to the book value of the underlying net assets prevailing at the time the option was granted in 1963. This option was exercised in the current fiscal year, and the increment of \$295,282 in the underlying net assets of the subsidiary up to February 28, 1971 has been shown as an adjustment to consolidated retained earnings. During fiscal year 1972 the company purchased the assets and business of a table egg producer and hatchery and of a horseradish and cocktail sauce manufacturer for an aggregate of \$815,272; \$615,272 of this amount was provided by the parent company and represents the increase during the year in contributed surplus (formerly described as capital in excess of stated value). Operations of the purchased businesses have been included in the consolidated financial statements from dates of purchase.

2. Advances:

The Company is required to make deposits with the Canadian Wheat Board on wheat held as its shipping agent. Wheat so held at February 29, 1972 has been pledged as security for loans under Section 88 of The Bank Act. The agreement with the Board provides that in the event of default on the loans the Board is required to take delivery of the wheat at the Board's price and to repay the loans. At February 29, 1972 such loans amounted to \$2,924,000 and have been applied in the accounts against an equal amount advanced to the Board and are not shown in the accompanying consolidated balance sheet.

3. Pension and Retirement Plans:

The Company and its subsidiaries have trustee pension and retirement plans which cover substantially all employees. The total expense of such plans for 1972 was \$140,432 (\$210,927 in 1971). The total of the pension fund assets of the pension and retirement plans exceeded the actuarially computed value of vested benefits at December 31, 1971.

4. Long-Term Debt:

Long-term debt, less \$182,892 (\$136,986 in 1971) included in current liabilities, is summarized as follows:

	1972	1971
5¾% purchase obligation payable in semi-annual instalments to April 1, 1979, secured by fixed assets of a subsidiary	\$ 432,000	—
6½% Series A secured debentures of a subsidiary due fiscal years 1974-1984	919,000	1,000,000
5% note due fiscal years 1974-1980	245,000	265,000
Promissory note due fiscal years 1974-1981, effective interest rate 5.2%	161,777	177,837
Other, due 1974	4,484	24,315
	<u>\$1,762,261</u>	<u>1,467,152</u>

5. Commitments:

At February 29, 1972 the Company was committed under non-cancellable leases, principally for the use of plant and office space, which require minimum rentals as follows: \$369,000, 1973; \$335,000, 1974; \$252,000, 1975; \$232,000, 1976; \$218,000, 1977; an aggregate of \$1,069,000, 1978 through 1982; \$1,026,000, 1983 through 1987; \$214,000, 1988 through 1992. Total rental expense for fiscal year 1972, including rentals under cancellable leases for office equipment and other property amounted to \$965,131.

At February 29, 1972 estimated costs to complete improvements in progress aggregated approximately \$1,760,000.

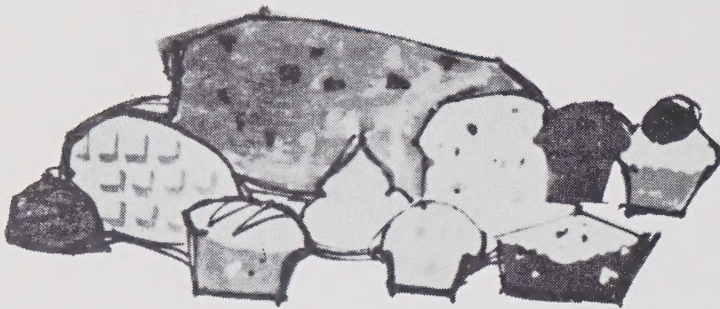
6. Information re Directors and Officers:

There were eight directors during the year and their aggregate remuneration as directors was nil. There were ten officers and their aggregate remuneration as officers amounted to \$245,733 for the year. There were four officers who were also directors.

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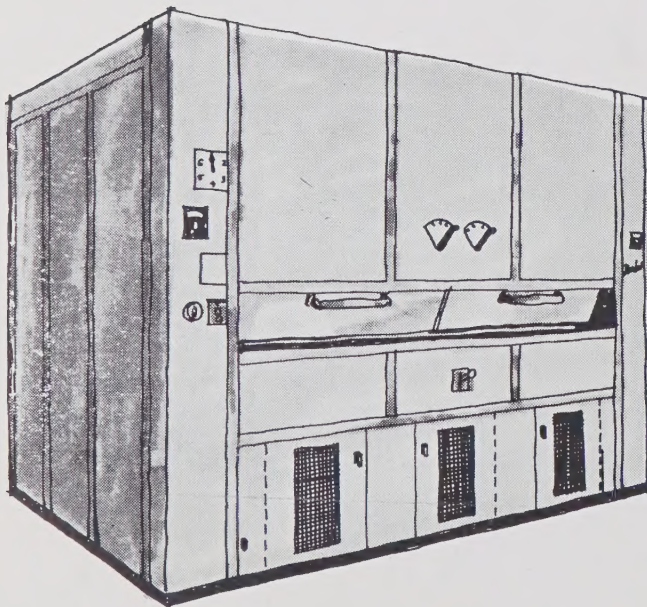


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A profitable range of donut, sweet goods, roll and cookie mixes with uniformity assured because the flour is from Robin Hood.



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